

Message Text

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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7921
INFO AMEMBASSY CARACAS
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SANTIAGO
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 4730

PANAMA FOR GAO

E.O. 11652: N/A
TAGS: AGAO, EFIN, BR
SUBJECT: GAO REVIEW: TRAINING PROVIDED LDC NATIONALS IN FINANCIAL
MANAGEMENT, AUDIT AND EVALUATION

REF: (A) STATE 140827 (B) STATE 146150

1. SUMMARY. EMBOFFS MET WITH REPRESENTATIVES OF INTERNATIONAL INTERCHANGE DIVISION OF THE TRIBUNAL DE CONTAS DA UNIAO (TCU) REGARDING SUBJECT REVIEW AND DISCUSSED CONTENTS OF REF. A. TCU AGREES IN PRINCIPLE TO GAO CONDUCTING REVIEWS, BUT REQUESTS RESPONSES TO SPECIFIC QUESTIONS PRIOR TO REVIEW. END SUMMARY.

2. TCU REPRESENTATIVE EXPRESSED CONCERN REGARDING LACK OF SPECIFICITY OF OBJECTIVES OF REVIEW, AS OUTLINED IN PARA 2, REF. A AND IN ILACIF PRESIDENT'S CABLE PER PARA 2 REF. B, AND WHAT EXACTLY GAO TEAM WILL WANT TO DISCUSS. HE REQUESTED THAT GAO PREPARE A QUESTIONNAIRE
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PAGE 02 BRASIL 04730 161548Z

AS A GUIDE TO BE ABLE TO PLAN CONSTRUCTIVE AND USEFUL PROGRAM. SPECIFICALLY, TCU WOULD LIKE TO KNOW FOLLOWING:
A. HOW WILL TEAM ASSES HOST GOVERNMENT TRAINING NEEDS? WILL TEAM WANT TO REVIEW AND EVALUATE A TRAINING PROGRAM BEING CARRIED OUT DURING ITS STAY? WILL TEAM WANT TO REVIEW TCU AND INSPECTOR GENERAL OF FINANCE OFFICE PLANS FOR FUTURE TRAINING?

B. TCU BELIEVES IT WOULD BE USEFUL FOR GAO TO PROVIDE BEFOREHAND ITS IDEAS AS TO WHAT IS NEEDED IN TRAINING AUDITORS IN FINANCIAL MANAGEMENT AND EVALUATION. THIS WOULD PERMIT MORE OPEN DISCUSSION WITH GOB TRAINING MANAGERS ON BRAZIL'S NEEDS FOR TRAINING.

C. WHAT SPECIFICALLY WILL TEAM WANT TO KNOW ABOUT GAO'S ACCOUNTING AND AUDITING SYSTEM? WILL GAO BE CONCERNED ONLY WITH INTERNAL GOVERNMENT AUDITING AND ACCOUNTING OR WILL TEAM WANT TO KNOW ALSO ROLE OF PUBLIC ACCOUNTANT IN SYSTEM?

3. ALTHOUGH TCU REPRESENTATIVE INDICATED GOB WILLINGNESS TO COOPERATE TO MAXIMUM EXTENT POSSIBLE IN ASSISTING GAO TEAM, EMBASSY BELIEVES THAT REVIEW OF THIS NATURE SHOULD AND MUST BE MUTUALLY BENEFICIAL. TCU REQUESTS, AS A MINIMUM, GAO RESPONSES TO PARA 2 ABOVE, EMBASSY ALSO BELIEVES THAT, FOR REVIEW TO BE MUTUALLY BENEFICIAL, COPIES OF FINAL GAO REPORT TO CONGRESS SHOULD BE SUBSEQUENTLY PROVIDED TO COOPERATING GOB AGENCIES. TCU REPRESENTATIVE STATED THAT PORTUGUESE CAPABILITY OF GAO TEAM MEMBERS ESSENTIAL FOR DISCUSSIONS. ADVISE OF CAPABILITY AND AUTHORITY TO HIRE INTERPRETER, IF REQUIRED.

4. AS BOTH GOB AUDIT AGENCIES (TCU AND INSPECTOR GENERAL OF FINANCES) AND UNDP OFFICE ARE IN BRASILIA, UNCLASSIFIED

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PAGE 03 BRASIL 04730 161548Z

RECOMMEND THAT GAO TEAM CANCEL PROPOSED RIO DE JANEIRO VISIT AND RESTRUCTURE ITINERARY ACCORDINGLY.

5. COMMENT. DUE TO CLOSE-OUT OF AID BILATERAL ASSISTANCE PROGRAMS IN BRAZIL, AID HAS NOT BEEN PERFORMING EVALUATIONS OF HOST GOVERNMENT AUDIT AGENCIES' CAPACITIES IN CARRYING OUT THEIR FISCAL RESPONSIBILITIES FOR MANAGING DEVELOPMENT PROJECTS FOR PAST FOUR YEARS. HOS GOVERNMENT AUDIT AGENCIES ARE, UNDER SOME AID LOANS, THE BORROWER'S APPROVED INDEPENDENT AUDITORS WHO MUST ANNUALLY CERTIFY AND RENDER AN OPINION TO AID REGARDING THE BORROWER'S COMPLIANCE OR NON-COMPLIANCE TO THE COVENANTS AND WARRANTIES OF THE LOAN. END COMMENT.
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